

FY 2016 – FY 2020 Capital Improvement Program

March 17, 2015
Budget Committee



CIP Highlights

- **New Process in FY 2016**
 - Started earlier and spent more time in CIP development
 - County Executive met with agencies throughout the fall
 - Future projects prioritized
 - New Referendum Plan developed to address priority projects
- **New Bond Referendum Plan**
 - A more detailed and long-range plan, outlining specific project schedules
 - Regularly scheduled referenda every 4 years for all program areas (parks, public safety, human services, libraries, etc.)
 - More predictable plan for the Board, the public, County agencies, and FMD
 - Maintains FCPS bond referenda at \$250 million every other year
 - Includes County bond referenda in alternate years and a Public Safety Referendum in fall 2015 (with FCPS)



Fall 2015 Public Safety Referendum

\$151 million Fall 2015 Public Safety Referendum (proposed to address critical requirements)

Fire Station Renovations/Expansions:

Merrifield Fire Station (Built in 1979, 36 years old)

Reston Fire Station (Built in 1972, 43 years old)

Penn Daw Fire Station (Built in 1967, 48 years old)

Woodlawn Fire Station (Built in 1970, 45 years old)

Edsall Fire Station (Built in 1974, 41 years old)

Police Facilities:

South County Police Station/Animal Shelter (new)

Heliport (replacement)

Police Tactical Operations Facility (Pine Ridge, Build in 1969, 46 years old)

Emergency Vehicle Operations Center (EVOC, Built in 1995, 20 years old)

Franconia Police Station (Built in 1992, 23 years old)

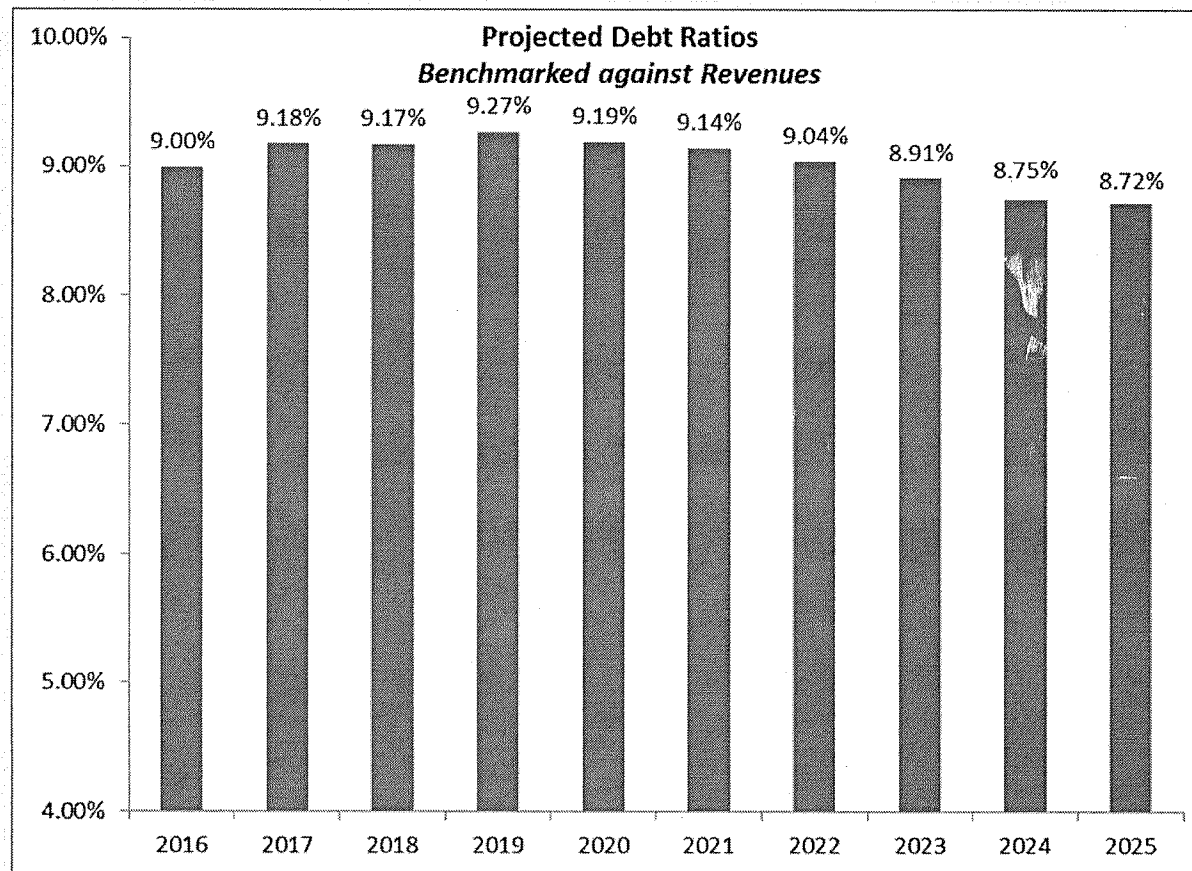


New Referendum Plan

- Reviewed debt capacity in light of new Referendum Plan
 - Aggressive plan that will need to be reviewed annually
 - Debt Analysis
 - 10% ratio of Debt Service to General Fund Disbursements per Ten Principles
 - \$275 million bond sale limit per year per Ten Principles (Board will need to consider raising sales limits during the next 5 years, last increased from \$200m to \$275m in FY 2007)
 - Increase in General Fund support for debt service

Debt Analysis

Ten Principles of Sound Financial Management: Debt Service Expenditures not to exceed 10 % of General Fund Disbursements



Debt Analysis

Ten Principles of Sound Financial Management:
\$275 million bond sale limit per year

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Sales limit	\$275,000,000	\$275,000,000	\$275,000,000	\$275,000,000	\$275,000,000
Proposed sales	\$272,567,200	\$279,149,500	\$279,450,000	\$299,950,000	\$277,200,000
Over/Under sales limits	(\$2,432,800)	\$4,149,500	\$4,450,000	\$24,950,000	\$2,200,000
	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Sales limit	\$275,000,000	\$275,000,000	\$275,000,000	\$275,000,000	\$275,000,000
Proposed sales	\$272,500,000	\$265,150,000	\$298,700,000	\$283,450,000	\$278,550,000
Over/Under sales limits	(\$2,500,000)	(\$9,850,000)	\$23,700,000	\$8,450,000	\$3,550,000

- Average Bond Sale of \$280 million, or \$5 million above current limit
- Assumes FCPS bond sales at \$155 million annually
- Assumes County sales at an average of \$125 million

Note: FY 2019 includes increases in cashflow needs for three Public Safety Referenda (2012, 2015, 2018) and Transportation Referendum (2012)

Debt Analysis

Increase in General Fund support for debt service

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Annual Debt Service Payments	\$319,140,531	\$337,600,173	\$352,061,645	\$365,230,463	\$371,502,901
Increase in Debt Service		\$18,459,642	\$14,461,472	\$13,168,818	\$6,272,438
% Change		5.8%	4.3%	3.7%	1.7%
	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Annual Debt Service Payments	\$379,015,322	\$384,318,144	\$388,585,822	\$391,095,253	\$399,602,973
Increase in Debt Service	\$7,512,421	\$5,302,822	\$4,267,678	\$2,509,431	\$8,507,720
% Change	2.0%	1.4%	1.1%	0.6%	2.2%

Average of \$9 million or 2.5 % increase annually

Paydown (Pay-as-you-go) Program

- Developed a stable Paydown Program fairly consistent with FY 2015 Program

FY 2015 Paydown: \$21,183,981

FY 2016 Paydown: \$22,041,768

Increase of \$857,787

- \$250,000 increase for annual contribution to FCPS associated with the SACC Program (last increased in FY 2007)
- \$535,000 increase to fund Environmental Improvement Projects in the baseline (FY 2015 program of \$535,000 funded as part of FY 2014 Carryover)
- Increase of \$72,787 due to other minor project adjustments

Paydown Program Details

Commitments (39%)

Salona Payment	\$916,851
Capital Contribution to Northern Virginia Community College	\$2,513,018
Contribution to FCPS for SACC	\$1,000,000
ADA Compliance – Parks	\$1,840,000
ADA Compliance – FMD	<u>\$2,224,750</u>
	\$8,494,619

Infrastructure Replacement and Upgrades (58%)

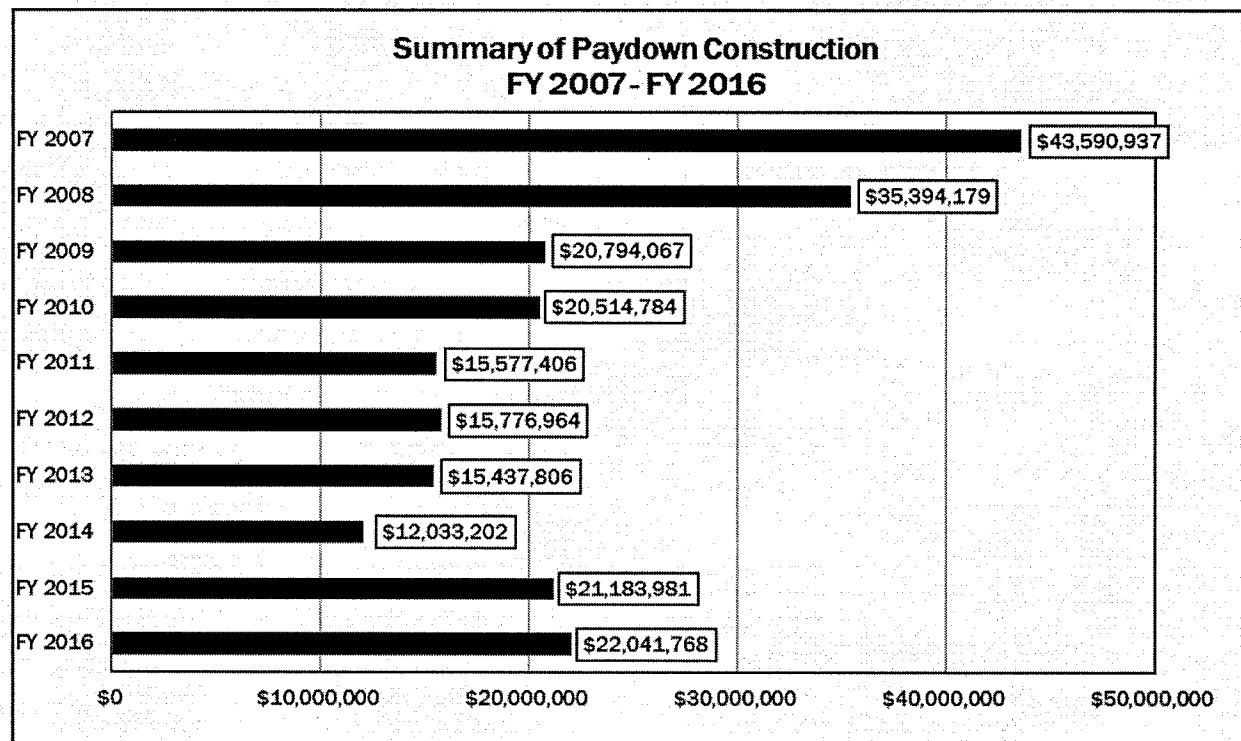
FMD Replacement and Upgrades	\$2,700,000
Athletic Field Program	\$5,635,338
Parks (Buildings and Grounds)	\$1,682,076
Laurel Hill (Maintenance and Security)	\$1,084,735
Trails/Road Maintenance	\$450,000
Commercial Revitalization Area Maintenance	<u>\$1,210,000</u>
	\$12,762,149

Other (3%)

Developer Defaults	\$100,000
Environmental Projects	\$535,000
Emergency Directives	\$100,000
Survey Monumentation	<u>\$50,000</u>
	\$785,000

Total	\$22,041,768
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Paydown History



FY 2007 included \$8m for construction inflation reserve, \$8m for Laurel Hill and Courthouse support
FY 2008 included \$2m land acquisition reserve, \$9m for PSTOC, Courthouse, Laurel Hill support



IFC Recommendations

- *“The Committee recommends that the Board of Supervisors establish a goal of additional Pay-as-you-go funding of approximately \$20 million annually. A joint working group of county and school staff should engage in a comprehensive review of the condition of School and County facilities and recommend to the Board of Supervisors an appropriate formula for annually dividing the new approximately \$20 million in pay-as-you-go funding between Schools, County, and Parks.”*
 - FMD Infrastructure Replacement currently budgeted at \$2.7 million, but recommended to be \$12-15 million annually
- *“The County and Schools should each establish an Infrastructure Replacement and Upgrades Capital Sinking Fund (the “Capital Sinking Fund”) as the new budgetary mechanism for funding of Infrastructure Replacement and Upgrades requirements. Principal funding for these projects would come from a joint commitment to devote a designated amount or percentage of carryover funds to the Capital Sinking Fund. This commitment would begin with the FY 2014 Carryover, and the Committee suggests “ramping up” this commitment over three to five years until the Boards reach a funding level of 20 percent of the unencumbered Carryover balance of both the County and Schools budget not needed for critical requirements. Both Boards agree that the School Board may need additional time to reach this goal based on the need to address the School system’s current structural budget imbalance.”*
 - A County Sinking Fund was established as part of the FY 2014 Carryover in the amount of \$2.8 million



IFC Recommendations

- *“FCPS has used an average of \$13.1 million in bond funding each year for the past five years to meet what is now termed Infrastructure Replacement and Upgrades. The County and Schools should limit the practice of funding Infrastructure Replacement and Upgrades through bond or proffer funding. To transition to this new system of funding, both Boards should make simultaneous commitments. The Committee recommends that the Schools adopt this recommendation and the County then increase the transfer to the School Construction Fund by \$13.1 million per year, beginning in FY 2016.”*
- A transfer of \$13.1 million to FCPS is included in the projected FY 2017 budget



Other CIP Highlights

- Includes an increase to the Stormwater rate from \$0.0225 to \$0.0250 per \$100 of assessed real estate value (1/4 penny increase consistent with the 5 year plan approved by the Board)
- Includes Project Details for each future project



Website

CIP Website:

<http://www.fairfaxcounty.gov/dmb/fy2016/advertised/cip.htm>

CIP Adoption:

April 21, 2015